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**AGENCY FOR
INTERNATIONAL
DEVELOPMENT**



YEMEN

**COUNTRY DEVELOPMENT
STRATEGY STATEMENT**

FY 83

218
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February 1981

UNITED STATES INTERNATIONAL DEVELOPMENT COOPERATION AGENCY
WASHINGTON, D.C. 20523

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COUNTRY DEVELOPMENT STRATEGY STATEMENT

1983 - 1987

USAID/Yemen
Sanaa, Yemen Arab Republic

February 1981

This document is an update of the January, 1980 CDSS.

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I. INTRODUCTION

A. PREFACE

The FY 82 CDSS remains essentially valid in terms of its analysis of the Yemeni economy and development situation and its articulation of a U.S. assistance strategy appropriate to Yemeni needs and conditions. However, two factors external to Yemen have developed over the last two years which require at this juncture that we re-examine the nature of the program and our interests in Yemen. One is the impact of a static or declining level of U.S. assistance on a strategy and planned program based on a significant expansion of assistance levels. The other, and more significant, factor is the impact of change and uncertainty in the Middle East and Horn of Africa on U.S. interests in Yemen. The objective of this submission is to pose the choices or alternatives these factors force upon us. The budget implications of these alternatives are provided in more detail in Section IV. of this document.

In addition, as requested by A.I.D./Washington, the submission includes further treatment of the agriculture and population sectors and an economic analysis focussing upon the YARG's ability, or inability, to increase its contributions to economic development projects financed by foreign donors. As this document is an update of last year's CDSS, that document should be read for sections that remain unchanged.


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B. BACKGROUND

In spite of its relatively high per capita income for an RLDC, Yemen clearly merits that categorization by virtually any other means. Health and nutrition statistics, literacy and educational standards and the rudimentary nature of modern institutions place the country at the low end of any development scale. In fact, even the relatively high per capita income is itself a reflection of these conditions since that income is largely made up of remitted wages of migrant workers. Such income, therefore, is a better measure of the survival and entrepreneurial instincts of the Yemeni than a measure of the wealth or development status of the country.

On the basis of these conditions, Yemen was a natural target and the only one on the Arabian peninsula, for a significant development assistance and humanitarian aid program. The present program was developed between two and three years ago when there was undue optimism about future levels of U.S. development assistance for the less developed Third World. The A.I.D. Mission received its indicative assistance levels based on this optimism and developed a program accordingly. Unlike most A.I.D. Missions, however, the Yemen Mission took a broad programmatic rather than a project-by-project, block-building approach toward reaching these levels. The Mission, deservedly, received positive recognition and commendations for its vision and innovation in program development. Cautionary advice came only later -- too late to prevent the inevitable dilemma. Budget levels did not increase and under the formula for allocating development assistance, Yemen, like other development assistance


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countries, suffered significant reductions from previously planned levels. The Mission's vision and innovative programming have not, thus far, brought it a significantly larger share of a static A.I.D. budget. Given the nature of the program developed, this poses a real and immediate dilemma. The Mission cannot reduce the planned program to static budget levels by deferring this or that project but would have to dismantle the whole, broad programmatic framework developed for implementing an expanded program. In fact, given world inflation rates, the program cannot be effectively implemented even at originally estimated budget levels.

This situation as well as (1) the difficulties of living in Yemen and the ensuing difficulties and expense of recruiting and maintaining adequate staff to implement and monitor the program and (2) the weakness of the YAR's internal political and administrative structures are factors in framing the alternatives and recommendations on the future direction of the program.

The programmatic decisions posed by the preceding discussion cannot, or should not, be made, however, without a reassessment of important U.S. geo-political interests in the Middle East and more particularly the Arabian Peninsula.

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II. U.S. INTERESTS

A. EXTERNAL ENVIRONMENT

As the most populous country on the Arabian peninsula, North Yemen is likely to be a major factor for stability or instability in the region. A united Yemen under Marxist leadership with strong Soviet influence and support would pose a threat to the entire peninsula, including Oman and the Gulf States, as well as neighboring Saudi Arabia. In addition, along with Djibouti and Ethiopia on the west and South Yemen (Aden) on the east of the Bab el Mandab, North Yemen can exercise considerable control over the southern entrance to and southern portions of the Red Sea. Both Ethiopia and South Yemen are already under predominant Soviet influence and the city-state of Djibouti is located in a perilous situation between Ethiopia and Somalia. Furthermore, North Yemen currently serves as a buffer between Soviet dominated South Yemen and conservative Saudi Arabia. In this role North Yemen becomes important to vital U.S. interests in Saudi Arabia.

There are ample indications that the Saudis, in terms of their narrower self-interest, greatly fear consequences of a Marxist takeover of North Yemen. Saudi direct project aid, budget support, and non-official payments to Yemeni tribal leaders probably total over \$1 billion per year. Although hedging on the balance of power between the tribes and the central government, these outlays are obviously intended to purchase political influence and provide the best possible indication of the seriousness with which the Saudis watch over developments in their

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poor but more populous southern neighbor. Yet Saudi assistance funds can only function as a kind of additional dimension to the remittances from Yemeni workers; and to keep the YARG from going bankrupt. Saudi Arabia cannot supply the expertise and training opportunities Yemen wants and needs to build up the human resources and physical infrastructure which are prerequisite to development of a modern, stable society.

There is also ample evidence that the Soviet Union recognizes the potential significance of North Yemen in the Red Sea and Arabian peninsula. The Soviet Union already has a preponderant influence in South Yemen and is establishing a naval strategic position in the Red Sea and adjacent waters. The Soviets have mounted a major effort to gain influence in North Yemen through a massive, highly visible military assistance program and by offering large numbers of training scholarships in the civilian sector. One can only assume that the ultimate objective of the Soviets is to gain sufficient influence in North Yemen to enable them to use this country for destabilization efforts in the area generally, and against Saudi Arabia in particular.

The U. S. interest in a stable, popularly-supported government in the YAR, one which is not hostile to other states on the Arabian peninsula, stems from fundamental U. S. interests in the stability and security of the region. For example, a stable, independent and moderate YAR serves as a natural buffer between the radical Marxist regime in the PDRY and the conservative government in Saudi Arabia. On the other hand, a Soviet-dominated, radical Marxist YARG would seriously complicate

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the Saudi security situation given that North Yemen has the largest population on the peninsula and more than half a million Yemenis work in Saudi Arabia. A shift of the YAR into the Soviet camp could also undermine credibility in U.S. will to confront Soviet expansion. Even a non-Marxist YAR regime bent on harnessing traditional Yemeni distrust and dislike of Saudi Arabia could be dangerous to U.S. interests in the entire region.

A Marxist, radical North Yemen could occur in spite of the generally discredited experiment with a Soviet-dominated socialist economy in South Yemen. It could happen because economic pressures resulting from a drop in remittance income; through the seizure of power by a well-organized group of Marxists; because of disillusionment with the extent and quality of Western support leading to a surrender, in spite of the PDRY example, to Soviet blandishments; or a combination of these and other factors.

The role of the United States (and other Western bilateral and multi-lateral donors) is to provide a mix of financial and technical assistance which is not available on any terms anywhere else-- except possibly from the Soviet bloc. While no specific magnitude of U.S. economic/military assistance can guarantee that the YARG will remain outside the Soviet sphere of influence, it is clear that an adequate countervailing U.S. presence which supports the moderate political factions and current economic trends favorable to the West must be maintained. Without such a countervailing presence, we incur a significant risk that politically unfavorable trends will take hold and grow. The Yemenis complain that

our military assistance program is not a direct, bilateral program like the Soviets, but is dependent on Saudi money and Saudi political attitudes toward the YAR. Thus the quality and quantity of our economic assistance program, which is direct, acquires particular political importance in Yemeni eyes.

B. THE INTERNAL ENVIRONMENT

The evolution of North Yemen into a modern nation-state is still at a fragile stage. Government control over much of the countryside is precarious at best. In the southern part of the country, the NDF (the "liberation" movement supported by South Yemen with Soviet arms) controls much of the area away from the main roads and at times threatens even the major road arteries. In the north, many of the tribal sheiks (with Saudi financial support) hold greater sway over the area than the central government and have even effectively expelled central government representatives in some cases and made it difficult, if not impossible, for foreign donor personnel to visit proposed project sites in safety. The central government mounts military operations against both these forces using Soviet-supplied equipment and munitions as well as Saudi-financed, U.S. military hardware.

Even within areas largely under central government control, the traditional authorities retain considerable power and influence which is used to bring pressure on the central government for tangible development benefits. The extent of the intense political pressures which YARG officials receive from tribal leaders can be observed by visiting almost any government agency where the sheiks can be seen daily presenting their

requests and demands. Every senior official spends his working day virtually besieged by petitioners. If these officials sometimes display impatience with donor agencies whose programs are not financing tangible activities which satisfy the demands they face daily, it should be understandable.

In addition to the internal political/security situation, the domestic economy appears to be entering a new macro-economic phase with the advent of the new decade. The market for its primary export, cheap Arabic-speaking labor, has stabilized and remittances for the second time in ten years have fallen in real terms. As a result of (1) the decrease in remittances, (2) capital flight caused by lack of confidence, and (3) substantial payments for imports, including military equipment, Yemen was forced last year to draw down sharply on its foreign exchange reserves. Domestic resource mobilization, never well developed, remains weak. Near-total reliance on foreign aid to finance development will continue, and the Government will likely resort increasingly to deficit financing to pay salaries and maintain services. The outlook is for future draw down of reserves, an inflationary spiral induced by deficit financing, and the possibility of a domestic unemployment problem. The challenge to the already thinly stretched Yemen Government of managing the economy will become greater. Pressures on the YARG to produce tangible evidence of progress in the volatile countryside will certainly increase, with attendant collateral pressures being placed on the main foreign donors.

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In spite of its political and economic difficulties, the country is on the verge of a breakthrough in basic infrastructure. Paved arterial roads will soon connect the capital with all provinces, and building of the feeder road network is proceeding at a rapid rate. The television net covers the entire country, with remittances assuring a high ratio of sets to population. Electric power supplies will soon be adequate for a substantial rural electrification program, for which studies are nearing completion. Hence, a framework exists in which increased U. S. assistance aimed primarily at overcoming manpower and institutional bottlenecks and assisting in the development of rural areas can be highly effective.

In this environment opportunities now exist to strengthen pro-Western elements in the YARG. U. S. trained moderates, like Prime Minister Dr. Abd al-Karim al-Iryani, are now in charge of the day-to-day operations of government departments in the development-oriented ministries and are beginning to design the country's next five year development plan. But this situation is fragile; we may not have long to exploit it. Yemen is an impatient, demanding client. The mood of the populace is expectant; results, not promises, are demanded from the government and foreign donors alike.

C. U. S. STRATEGY AND PROGRAM OPTIONS

During the past three years the U. S. development assistance program has been primarily visible through the inflow of short-term study and program design teams. A common criticism has been that the U.S. A.I.D.

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Mission operates a tourist service for the benefit of U. S. institutions rather than for the benefit of Yemen. We have countered Yemeni dissatisfaction with lack of concrete accomplishments during the program design period by pointing to the grand edifice of new A.I.D. technical assistance programs under construction. The moment of truth is now at hand. If we are forced to cut back on basic objectives of the program as currently designed, it will be more damaging to our credibility than if we never started this effort. The fact that some other Western donors, such as the Dutch and the Federal Republic of Germany, previously minor participants, are now providing more than we are damages U. S. credibility as a serious participant in Yemen's development.

By fully funding and implementing the current program, we have a good chance of rebuilding our credibility, supporting and reinforcing desirable long-term institutional growth in key sectors, and bolstering pro-Western factions. However, to build a more substantial influence in Yemen, we must be prepared to go beyond the current program. We must be able to obtain quicker more visible results (not necessarily outside the framework of the current program) by having additional funding available for construction and/or commodities. This extra leverage is also needed to support technocratic western-oriented individuals and their factions in the central government who have repeatedly emphasized that a more visible U. S. presence is essential to strengthen their position vis-a-vis other elements of power structure which, for varying reasons, oppose a western orientation. The coming nine months, when the YARG will be designing its next five year plan (1982-87), are a particularly crucial period.

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The preceding discussion sets forth the context we must bear in mind in considering the role and scope of U. S. economic assistance over the CDSS period. Section IV of this document details four related program options: A "Minimum" program, an "AAPL" (Approved Assistance Planning Level) program, a "CDSS" program and a "Proposed" program.

If the level of funds available for Yemen is limited to amounts lower than those in the FY 1982 Congressional Presentation and as contained in our "Approved Assistance Planning Levels" as presently constituted, we will have no choice but to opt for the "Minimum" program. This would mean dismantling the current program framework and writing off the enormous cost of developing it. If the minimum level is adopted, it must be recognized that this course of action will seriously damage our credibility and will be contrary to U. S. foreign policy decision which have determined Yemen is critical to our national interests.

If program levels RS-8, at the "AAPL" level through FY 87, we would still have to restructure the program, as the "AAPL" level is considerably lower than originally planned levels, but would be able to keep the current program concept basically intact. However, the "AAPL" level still falls considerably short of our implicit promises as set forth in project agreements and would have serious negative political effects.

The remaining two program options reflect decisions that Yemen is of significant political and strategic importance to the U.S. The "CDSS" level represents the funding required to meet our implicit promises to the YARG. However, in accordance with the original program design, it would provide little more than institution-building oriented technical assistance and a moderate amount of training. It would still fall short of providing

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the kind of tangible and "politically visible" support that key western-oriented officials feel they need from the U. S. to support their position.

The "proposed" level adds to the present program, without any significant modification, a range of activities which will satisfy the Yemeni need for visible evidence of a strong U. S. commitment. Given the commitments we have made and the importance of Yemen to our vital political and strategic interests in the Arabian Peninsula, we believe it essential that we opt for the "proposed" level, the only one which provides the level of resources needed for the implementation of a program in the YAR commensurate with the importance of U. S. interests in the Arabian Peninsula and the surrounding region.

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III. ANALYSIS/STRATEGY UPDATE

A. ECONOMIC ANALYSIS

1. Macroeconomic Overview

From the early 1970's to mid-1979 Yemen's economy underwent explosive growth fueled mainly by ever larger remittances from Yemeni workers in oil-producing states. In that period foreign exchange reserves grew from almost nothing to a peak of \$1.6 billion. The country's Current Account grew year by year and balance of payment surpluses became almost embarrassingly large, especially in view of the high levels of foreign aid coming to Yemen. The money supply expanded along with the economy and most Yemenis could point to clear evidence that their economic wellbeing was improving visibly and rapidly in spite of inflation.*

The high economic growth rate showed the first signs of slow-down by summer 1979. This was not entirely unexpected. For the first time in six years remittances did not grow to any extent; and, taking inflation into consideration, they actually declined slightly in real terms. In part due to the mini war of March 1979 between the two Yemens, outflow of private funds from Yemen increased. While the unfavorable shift in net capital flow was generally balanced by a tripling of foreign aid receipts, the Current Account

* Despite the widespread perception on the part of most Yemenis that their standard of living is improving, AID/W-PPC Progress Indicators for Yemen (obtained from World Bank and U. N. data) show that 80% of rural Yemenis live below the poverty line.

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went into deficit for the first time in 5 years, even though the balance of payments remained in surplus. While the slowdown in certain sectors of the private economy became evident to foreign observers in the early months of 1980, few Yemeni officials were willing to recognize it, even though bank loans were down, private rents were stabilizing and in some cases dropping, and manual labor shortages in the construction sector were becoming less severe. Even though imports have continued to climb, the economic development of Yemen was slowing down and entering a new phase.*

In light of the almost superheated economic growth of recent years, the slowdown in many ways should be welcomed. This slowdown presents Yemen with an opportunity to review the direction of previous growth and make certain adjustments which are becoming increasingly pressing. This new phase will see a reduction in the development role previously played by the private sector. At the same time the Government should assume greater leadership in all facets of development. The Second Five Year Plan is expected to place less emphasis on expansion of the capital stock than did the First Plan and instead pay more attention to and provide more resources for repair and maintenance (airports, telecommunication, equipment, and machinery). At the same time more emphasis will also be directed to institutional development. But while the trend is

* Trade Balance: FY 80 - Imports \$1.7 billion, Exports \$20.5 million
FY 79 - Imports \$1.1 billion, Exports \$6.3 million

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clear, it should be recognized that due to severe shortage of trained and experienced manpower the Government is still severely limited in its ability to carefully appraise and judiciously select among the various development opportunities.

2. Recent Fiscal Developments

With remittances and foreign exchange reserves leveling off, the main cause of inflation in the past (i.e., monetization of foreign-exchange reserves) is gone. Concomitantly, the rate of inflation has clearly dropped over the past year. Hand in hand with the economic slowdown, commercial bank lending has become more restrictive (due to a great extent to persistent losses in loan operations) which, in turn, has assisted in abating inflationary pressures. However, it is evident that a new--and potentially more grave--source of inflation is in the making, i.e., the rapidly increasing budgetary deficits.

While the Government recognizes the need to mobilize the private financial resources of its citizens in order to play a larger role in the national development effort, it has not been able to formulate a clear and effective strategy to accomplish this goal and is not in a position to mobilize total resources to a greater degree than in the past. One result is that budget expenditures grow year by year while revenues grow at slower rates. Whereas five years ago Yemen had a balanced budget, over the past three years the use of deficit financing has been growing. Up until last year, with the economy expanding rapidly and operating at near capacity levels, inflationary financing did

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not have deleterious consequences. Under the present circumstances of reduced economic growth, however, inflation produced by budget deficit financing becomes self-perpetuating. Costs go up at the rate of inflation but Government revenues cannot.

This situation is exacerbated by the fact that more than half of total Government revenues have traditionally been generated by customs duties on imported goods. Up to 1977 total Government revenues increased at a rate higher than the growth rate of expenditures. In the past two budget years, however, this has reversed, and Government expenditures have increased at a rate twice that of revenues.* While non-customs revenues may increase somewhat as a result of more strenuous efforts to collect taxes and fees, customs revenues will probably not reach target levels, for four reasons. First, with remittances flat and the economy growing at a reduced rate, official imports are likely to be down in the coming years. Secondly, current large-scale smuggling from Saudi Arabia brings in substantial amounts of capital and consumer goods, as well as food-stuffs, bypassing the Government's revenue collectors. The goods from Saudi Arabia are substantially cheaper, in part due to Saudi subsidies, than goods imported legally and, while this is a net benefit to the consumer, the Government consequently suffers

* Government deficits have mostly been financed by Saudi budget support assistance, although in 1980 Saudi aid was somewhat reduced and a larger than usual part of the budget deficit was financed by Government draw-downs from the Central Bank.

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a loss of revenue. Thirdly, and partly in response to the smuggling, the Government has recently reduced customs rates on certain items (cars, busses, etc.) in an effort to encourage imports through the legal channels. This move is unlikely to cause net revenues to increase to any appreciable degree because the price differential still favors Saudi imports. Lastly, the Government has adjusted downward the valuation rate for computing duties for all goods, thus assuring a further reduction in net revenues. Thus, prospects for improved resource mobilization through customs collections have actually deteriorated.

3. The Government Budget and Foreign Aid

In the past, Yemen could always count on Saudi aid to finance its deficits; however, last year part of the deficit had to be financed from Central Bank borrowings and consequent draw down on reserves (reserves are estimated to have fallen to \$1.2 billion as of December 1980 from a spring 1979 high of \$1.6 billion).^{*} Even assuming Saudi budget support at the previous high levels, the budget deficit will continue to grow causing further inflation. This is aggravated by an expanding military budget (doubled over the past 18 months) and repayment obligations to the

* While a reserve balance of \$1.2 billion appears to be a substantial position (10 months' imports), it has to be recognized that these reserves are viewed by the Yemeni Government as being basically a contingent fund. For instance, because Yemen suffers from recurrent droughts, the Government feels a large reserve balance must be maintained in case a drought of 1970-proportion recurs and food imports have to be increased sharply.

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East Bloc for purchases of military equipment. Unfortunately, there does not appear to be a wide perception of this danger of inflation among Yemeni officials, mainly because past experiences with inflation were always accompanied by real economic growth. But the trend is clear: The budget is increasingly inflationary and deficit financing is becoming larger year by year. Given the structure of the Yemeni economy this trend cannot easily be reversed even if the Government were to limit itself to financing only on-going services and investments at current levels. In step with this, the balance of payments situation is likely to worsen and the Government's foreign currency reserve position will certainly further deteriorate.

COMPARISON OF NATIONAL BUDGET - PERCENT OF BUDGET IN DEFICIT

<u>1976/77</u>	<u>77/78</u>	<u>78/79</u>	<u>79/80</u>	<u>Six Months July-Dec. 1980*</u>	<u>1981</u>
Surplus	9%	28%	31%	36%	37%

Economic development in Yemen since 1962 has been financed largely by foreign aid in the form of budget support, capital loans and grants and technical assistance (except for more recent local development efforts which indirectly rely on remittance earnings). Almost all foreign assistance has been in the form of grants and concessional loans. Such aid has been increasing steadily over the past

* Transition period to new fiscal year.

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four years and recently has been a partial cushion against the effects of loss of revenues from reduced remittances (and, indirectly, from loss of capital due to higher levels of capital outflow). For a variety of reasons, both political and economic, the aid levels from the traditional donors are likely to continue on the present upward trend. The strategic significance of Yemen on the international scene is self-evident and readily explains the political motivation of the donor countries. On the socio-economic front Yemen's RLDC situation is still so obvious as to compel international donor interest. Development of Yemen's infrastructure and human resources can only be underwritten by outside assistance. Another compelling reason for foreign aid is that, excluding the defense portion of the National Budget, local Yemeni revenues are just barely sufficient to cover the operating portion of the budget. The National Budget, in fact, contributes very little to the capital (i.e., development) budget. Probably even more significant as a constraint to development is the almost complete absence of trained Yemeni manpower capable of administering development activities. The development of Yemen as a modern economic entity is still at such a low base* that virtually all development efforts must continue to originate and be financed from the outside.

4. Structural Constraints

In the past, the Government on several occasions has been required by A.I.D. and other donors to contribute manpower and/or

* World Bank estimates Yemen's adult literacy rate in 1977 at a low of 13 percent.

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funds, to development projects. For the most part this has proved unworkable. The most immediate problem is the shortage of qualified manpower throughout the Yemeni economy. This is even more pronounced in the public sector largely because real income of civil servants lags appreciably behind those of the private sector. Whereas there is widespread recognition that Yemenis should be brought into the development effort, except at the higher planning levels, there is only modest central government participation in economic development.*

The other constraint to Yemeni participation in Yemen's development is financial. The Yemeni budgetary procedures are so complex and arcane that few Yemeni officials are able to use them properly. One result is that ministries often cannot pay their bills on time. Consequently, it is often impossible to find contractors, either Yemeni or foreign, willing to bid on Government projects unless the funding is to come from abroad or is otherwise guaranteed. Thus foreign donors usually

* It should be noted that in one way Yemen is a unique development case: A great deal of development takes place directly at the local village level, by-passing almost completely the development organizations of the Central Government. With Central Government encouragement, Local Development Associations (LDA's) have been organized throughout most of Yemen's rural areas. These LDA's organize and finance, mostly from their own resources, local development projects for construction of roads, schools, clinics, water systems, electrification, etc. While most of these undertakings are small and often not well conceived or constructed, the efforts in toto contribute not insignificantly to national development goals.

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supply all inputs to development projects. Where Yemenis are seconded to development projects, their salaries are either supplemented by the donor or paid for directly by project funds. Such arrangements are unlikely to be reversed in the near future. In view of Yemen's particular development situation it would be unrealistic to expect a larger input to development on the part of the Government.

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B. AGRICULTURAL ANALYSIS/STRATEGY

1. Introduction

In spite of a number of studies and analyses on numerous aspects of the agricultural sector, reliable data is almost non-existent. Generally, conclusions of those studies are based on judgments and qualitative observations. The identification of constraints to the development of the Agriculture Sector based on these studies can still be made, however, in spite of this lack of data. The identification of a consistent set of constraints by the various studies is a result of the constraints being obvious, major, of long standing and/or increasingly binding. For the purpose of the CDSS these constraints are classified into three categories: Technical, Institutional and Social. It will be seen that, because these constraints are interrelated and, in general, will require the long-term development of institutions, human resources, policy and research for their resolution, the issue of adopting a strategy for institution building versus one of "focussing on immediate problems in agriculture before major deterioration occurs"^{1/} becomes nonexistent.

The goal of the A.I.D. agriculture program in Yemen is to achieve sustained increases in agricultural productivity, defined as output per unit of land, water and labor. The constraints discussed below should be viewed as inhibitors to or requirements for increased productivity defined in this manner.

^{1/} STATE cable 089669, Paragraph 8

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2. Constraints to Increased Agricultural Productivity

a. Technical Constraints

The most obvious and binding constraint in the agricultural sector is the lack of technical capability to allocate extremely scarce water resources. The CID water resources study reports that all available surface water in the western side of Yemen which drains toward the Red Sea is fully utilized for agricultural purposes. Ground water everywhere in Yemen is being pumped for irrigation via tube wells at a rate faster than the underground reservoirs are being recharged. As a consequence, the water table is dropping and salinity is increasing. This problem is more acute in some areas than in others but generally prevalent throughout Yemen. The only potential water source not fully utilized in Yemen is surface water which mainly flows into the "empty quarter" on the eastern side of the country. According to a three year German-financed study, the al-Jawf and Marib regions might have additional surface water available for irrigation if a number of weirs and dams were constructed. The YARG has obtained funds from the Abu Dhabi fund to construct three dams in the Marib District.

(1) Deterioration of Capital Investment

The largest capital investment in agriculture in Yemen is the stone terraces constructed over many centuries. These terraces require continual maintenance. Since 1974 an increasing number of Yemeni males have temporarily left Yemen to work in the oil producing states. Although precise figures are not available, in 1979 it was

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estimated that 35-40% of the Yemeni male working force was employed outside the country. Since many of the migrant workers are from the rural areas of Yemen, many of the terraces face the possibility of not being adequately maintained. Though the magnitude of this potential problem has not been documented, observation indicates that it may be a serious one in specific localities.

The World Bank is also becoming concerned with the lack of capacity of YARG to maintain the new capital investments in transportation, primarily roads, which have been constructed in the last ten years through donor assistance. This problem would rapidly become very severe if donor aid dried up, though that does not appear to be the case at present.

(2) Land Use

There is currently no land use planning practiced in Yemen. Data on how much land is in cultivation in toto or in specific areas and for which crops does not exist, nor are patterns of land use documented. For the most part acreage of land going into or being taken out of cultivation is not known. Very little data is available on qat* cultivation. A.I.D. is just initiating a soil classification project. The reserves of water potentially available for agriculture are unknown.

Some preliminary data collected in late 1980 on cereal production by a team from the Food and Agricultural Organization (FAO)

* "Qat" (catha edules forskal) is a leafy green shrub with amphetamine-like qualities. Chewing the leaves of this shrub produces a mild euphoria and depresses the appetite. This custom is widely institutionalized in Yemen, where most men and women meet several afternoons a week to chew qat and socialize.

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shows that between 1969/70 and 1977/78 the area in cereal production varied from a high of 1,388,000 hectares (ha) in 1974/75 to a low of 961,000 ha in 1976/77. The most recent figure (1977/78) shows 1,102,000 ha in cereal production. A regression line on nine years shows no trend. However, numerous observations suggest that land in certain areas is moving out of cereal into qat production. Two conditions for qat production include minimum elevation of approximately 500 meters and access roads for rapid marketing of the leaves. The exact amount of land going to qat production is unknown; however, it is clear that land cultivated in qat is increasing. Reasons for this include low labor requirements, high economic returns, minimal water requirements, and erosion control on the terraces.

One possible explanation for the apparent contradiction between the consistency over time of land area in cereal production and the observation that qat is replacing cereals where technically feasible is the following. As male workers leave a potential qat producing area and as access roads are constructed there, land is transferred from cereal production into qat production. At the same time, remittance money is invested in wells in the Tihama and in the dry areas which makes previously unused land available for cereal production. Though there is insufficient data to test this hypothesis, what is known is that land has been transferred into qat, that more qat is available on the local market, and that the number of pumps in Yemen increased four-fold from 1969 to 1977/78. Clearly, additional information on changes in land use and the consequences of those changes is needed before a rational land use strategy can be formulated.

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(3) Low Level of Technical Knowledge

In the last decade agriculture has been evolving to varying degrees from a subsistence, self-contained labor-intensive system into a commercial, profit-oriented, capital-intensive system. Although this evolution has impacted with differing intensities upon different subsectors, it has been pervasive and accelerating. In a rather simplistic way this evolution can be described as labor leaving the farm system, capital investment coming into the farm system and less risk aversion in decision making on the part of the farmers. The process has been relatively rapid and may be irrevocable. The consequence of this transformation in the absence of management capability can create major disruption in the traditional agriculture sector.

Two examples will serve to demonstrate the problems which occur when new technologies are introduced in the absence of management capacity. First, with shortage of labor and availability of capital, a logical decision is the purchase of tractors to replace the now unavailable human and less efficient animal power used by farmers in the past. Farmers initially tended to purchase units that were too large and generally unsuited for Yemeni conditions. Terracing was undoubtedly damaged as a result. In the rainfed areas, this resulted in a certain amount of soil and water loss. In the dryland areas, the moisture storing capacity of the soil was reduced by inappropriate deep plowing. Second, in areas where moisture conservation has been the very essence of successful farming, a logical first investment of farmers

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with available capital is to invest in a well which decreases dependence on rainfall and eliminates to some extent the immediate need for the kind of soil management that was previously required for moisture conservation. Unfortunately when all farmers drill wells, the water table drops and salinity increases as a result of over pumping. In addition, because farmers lack the management capability to use efficiently the new surplus water resource through techniques such as drip irrigation, land leveling, and sprinkle irrigation, water is over used. This results in lower yields, increased salt in the soil, and some hard panning.

In the absence of an extension service (currently there are only 240 agents to service an estimated 800,000 farmers) and knowledgeable personnel in the MOA to provide guidance to farmers in the use of the new technology, no short term solution (less than five years) appears feasible in spite of the critical need to address these issues on the farm.

b. Institutional Constraints

(1) Immature Institutions

Just as farming in Yemen is evolving from a peasant to a more modern system, the other social institutions of Yemen are also becoming more modern, and conventional planning and budgetary processes are evolving. The institutions servicing the agricultural sector suffer severely, as do all Yemeni institutions, from a lack of trained manpower, a rudimentary sense of responsibilities and obligations, and a bureau-

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cratic priority on procedures rather than substance. There is a general lack of auxiliary institutions to service client groups, such as marketing/distribution systems, research capacity, university support, and an extension system. The MOA is dependent upon non-Yemeni advisors to staff most of its operating divisions. Counterparts for projects are few and poorly trained. To compound the problem, YARG salary scales are very low with the result that staff retention is a problem. In-service training within the Ministry is nonexistent.

(2) Fragmented Authority of Central Government

Since the protracted Civil War (1962-70) the central government has not been able to establish its authority in many non-urban areas of Yemen. The central government is still in the process of trying to develop popular support throughout Yemen for its program and policies. Travel in many areas is restricted. Projects which are follow-up activities to current and/or planned development projects often are delayed. Activities reflecting unpopular policies move very slowly. The lack of extensive tax base on which to levy revenues to finance government programs, as well as the absence of national water policy and supporting legislation, has serious negative impacts upon the agriculture sector.

On the positive side, many areas which are monopolized by central government in other LDCs (e.g., pricing and subsidies) are in the hands of the private sector in Yemen. This usually means more rational allocation of resources which in turn are more responsive to consumer demands.

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(3) Lack of Capacity to Deal with Donors

The YARG has had recent extensive experience in dealing with donors; however, given its weak manpower base, development projects and activities are often approved without prioritization or coordination. Because of lack of trained manpower, the government often cannot review in depth the numerous foreign aid projects proposed by donors. This sometimes leads to the initiation of project activities which the government might not otherwise want or deem desirable. One never hears of a Yemeni project, but constantly one hears of German, Dutch, World Bank, Chinese, and American projects. As a consequence, Yemeni involvement is minimized and their commitment is weak. When projects develop difficulties during implementation, necessary Government support is seldom forthcoming.

(4) Weak Financial Structure of the Central Government

Because the Government has virtually no capacity to tap directly the wealth generated by migrant worker remittances, the Government finds itself relatively poorer than the populace which it serves. This situation is probably unique among the developing countries of the world. Government workers receive low salaries and the development budget is dependent almost exclusively upon outside resources. A large portion of its revenues goes to national defense or covers the recurrent costs of operating the Government. Little is left for development activities.

With such a Yemeni mind-set, a donor organization such as A.I.D. which focuses on long run development of human resources and institutions cannot expect the Government to appreciate fully its programs. However, some individuals in the MOA are now beginning to realize that

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real solutions to problems in the agricultural sector lie in long-term institution building instead of the quick-and-easy bricks-and-mortar projects of the past. Fortunately for Yemen's development, the number and importance of these individuals are increasing.

c. Social Constraints

(1) Opportunity Costs for External Employment

With the rapid expansion of employment opportunities outside of Yemen, the opportunity cost of farming has increased considerably. Laborers who leave rural areas can triple or quadruple incomes in Yemen's urban centers and abroad. Hence farming has to become more profitable, or become an income supplement activity, instead of a primary occupation. Historically, migration trends from rural areas have generally been irreversible. In Yemen, however, the families remain on the farm when the males leave for outside employment, and experience shows that most migrant laborers plan to return to their villages when their foreign employment comes to an end. However, as long as the opportunity to make more money off the farm exists, fewer people will farm and the methods of farming will differ drastically from the past.

(2) Possible Transitory Nature of Current Economic Boom

One of the major issues with regard to the future of Yemen has to do with how the Government, which presently has only indirect access to worker remittances, can ensure that these remittances are used as a national resource and are invested in capital activities instead of used to buy consumer goods. Currently the YARG has not been able to resolve this problem and consequently is dependent upon donors to provide the necessary capital investments for infrastructure development.

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In a country such as Yemen which has no known significant hydro-carbon or mineral resources,* it is the agriculture sector which must develop the national capacity to produce sufficient wealth so that over time the country, hopefully, can feed itself and possibly earn foreign exchange through exports. Given the constraints described above, in the short run this possibility is virtually nil to highly unlikely. In the longer run (15-20 years), however, the future looks brighter provided that the necessary training, resources, patience and commitment can be consistently employed by the YARG and the principal donors.

3. A.I.D. Strategy

A.I.D. strategy in agriculture for the next 10-20 years is to provide a consistently applied pattern of assistance in the areas of secondary agricultural education, planning, institutional development, training, water resources policy and legislation, farm water management, research and extension. Institutional development will include assistance to the University of Sanaa to help develop and establish an agricultural faculty for a planned Agricultural College.

The vehicle A.I.D. will employ to implement this strategy is the new collaborative assistance-mode Title XII Program. In the last two years a number of studies and pre-implementation activities have taken place in Yemen to prepare for the initiation of the new program.

While these pre-implementation activities have taxed the patience and understanding of YARG officials, we have now reached the "takeoff"

* It should be kept in mind that Yemen's present economic comparative advantage is the export of labor.

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stage and implementation is ready to commence. A uniquely qualified contractor has been chosen, project agreements have been signed, work plans and budgets have been approved, the chief-of-party has arrived in country, full-time counterparts and office space have been assigned, and funds for the first year's implementation have been obligated.

The contractor is the Consortium for International Development (CID). This group of eleven western American universities has unique qualifications for Yemen. Not only does each of these universities have a strong agricultural program with commitment to international development, but also each is located in the southwest and western states of the United States where agriculture has developed under somewhat similar natural features as those found in Yemen. Thus, they have been required to assist, in the United States context, in developing the kind of policy, legislation, institutions and techniques which Yemen will need in order to develop its agricultural base to its fullest potential.

The large pool of talent available from CID universities combined with the flexibility and time frame inherent to the Title XII program will permit broad, flexible, consistent and relatively rapid responses to the various needs of the program. Over time, in turn, this flexible capacity to respond will work to reduce the effects of the various constraints identified above. The MOA's response to this approach already is gratifying; the Core Subproject Interim Work Plan has been well received. A new six-month Management Training Program for high level Ministry officials is being developed, a poultry farm demonstration activity is being implemented,

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a citrus nursery for 100,000 seedlings initiated and, most important, the third ranking official in the Ministry has been assigned specifically full time to the A.I.D. Program. For the first time, the A.I.D. agricultural program is receiving high level attention from the MOA. This augurs well for the Title XII approach.

The CID program consists of a core activity with various satellite subprojects. At this time the Core Subproject has been signed as well as the Secondary Agricultural Education Subproject. The Core activity is under the leadership of Oregon State University; the Secondary Agricultural Subproject is being implemented by New Mexico State University. The CID program has sufficient flexibility to allow the Core Subproject to respond rapidly to special YARG requests without having to initiate the extensive subproject pre-implementation procedures normally required. The program is flexible enough to be able to assist the YARG in a timely manner with appropriate low cost activities. Transitional programming, under previous procedures, did not permit this flexibility. This new flexibility should assist in raising A.I.D. credibility and no doubt will work to enhance MOA commitment to the program. In the past such commitment and credibility were mostly lacking and, as a result, our agricultural development efforts have suffered. The procedure required for approving non-subproject activities under the Core Subproject is an annual work plan and budget submitted by CID to the Mission, AID/W and the YARG. This work plan is to be jointly approved by all parties before implementation can commence. New subprojects will be treated as projects and will require sub-PIDs and subproject papers prior to approval and funding.

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During the next five years A.I.D. will continue to support the YARG and CID efforts in certain existing and past projects in poultry production, crop research, horticulture and secondary agricultural education. New areas in which A.I.D. sees a role for the Title XII program are: water resources policy and legislation; on-farm water management; applied research; institutional development in agricultural demonstration and extension; planning, budgeting and management and faculty training for the planned agricultural college. The overall CID program will continue to be based on technical assistance and training. However, appropriate limited capital activities will not be excluded. In all cases maximum efforts will be made to assist the YARG in obtaining other donor financing and cooperation for CID-implemented activity.

As seen from the brief discussion on constraints, the probability of achieving increased agricultural productivity following A.I.D.'s previous approach of programming assistance through small-scale, generally unrelated, and time-limited projects is marginal at best. It is extremely fortuitous that the array of programming tools now available to A.I.D. for agricultural development includes this new, more flexible collaborative approach, which, with its open ended time frame, permits the development of more rational planning and a more responsive program.

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C. POPULATION ANALYSIS/STRATEGY

As everywhere in the developing world, population is also rising in Yemen. Family size averages between five and six persons and appears to be increasing as basic health services spread to rural areas. A factor contributing to demographic increase is the relatively long fertility period, caused by early marriage. In addition, polygamy (infrequent) and serial marriages (widespread) add to the high birth rate. Population growth is not generally perceived as a problem, however, because jobs are available in Saudi Arabia and children are seen as financial security for parents in a society with no other protection against old age. In addition, infant mortality is thought to be very high in rural areas of the country with figures of as much as 450/1000 estimated in some isolated governorates.* Nevertheless, frequent pregnancies are a major cause of health problems among Yemeni women, and there are many families, especially in urban areas, who consider their family size sufficient and utilize contraceptive devices.

The Yemen Arab Republic has no official position on family planning, and Islam itself is open to various interpretations on this issue. However, there is a Yemen Family Planning Association (YFPA) under the umbrella sponsorship of the Ministry of Youth, Labor and Social Affairs. Funding is primarily from international donors (International

* UNDP infant mortality rate for Yemen in 1975 was 159. The most recent life expectancy figure is 39, one of the lowest rates in the world.

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Planned Parenthood Federation (IPPF) and Pathfinder) rather than from the Y.A.R. Because of the lack of a government policy, media such as radio and television are generally not available to the YFPA for direct diffusion of family planning information, although YFPA does participate in a radio program on family health. Public messages, in other words, are indirect and low key, and do not deal with concrete information relative to family planning. The YFPA's main function is to administer three family planning clinics in Sanaa, Hodeidah and Taiz, as well as supply contraceptives to foreign donor clinics in four or five other towns in Yemen.

In addition to the above clinics, contraceptives are also sold in many small shops and pharmacies throughout Yemen. The main limitation on this is informational; most vendors are unfamiliar with their stock, and the population, especially rural, often have little and incorrect knowledge concerning family planning devices. Since the majority of the population and many of the vendors are illiterate, information cannot be transmitted by circulars accompanying the contraceptives. However, the Y.A.R. is now initiating a primary health care service, and as discussed below, it is hoped that it will be able to provide this educational and informational link.

In summary, a main constraint on family planning programs in the Y.A.R. is a lack of official government support leading to a widespread lack of information. In addition, a very weak health infrastructure, at present [redacted] in rural areas, is a serious

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drawback. The planned primary health project may begin to alleviate this situation.

A.I.D.'s strategy in response to the above is as follows:

1. In view of the lack of government policy on family planning, and given socio-cultural sensitivities on the subject of family planning, A.I.D. undertakes no direct projects, but encourages IPPF and Pathfinder to assist the YFPA as well as to enlist the support of intermediary organizations, preferably from the Arab world, in funding these activities. It would also be appropriate for A.I.D.'s central population office to investigate these possible links with Arab donors.

2. To improve knowledge and understanding of family planning by encouraging the YFPA to train health personnel in this field.

3. To strengthen the ability of the Yemen Family Planning Association to take the lead in training health personnel in disseminating family planning information. This will not be through direct A.I.D. funding, but through the assistance of intermediary sponsors such as Pathfinder or IPPF.

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SECTION FOUR

PLANNING LEVELS

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IV. PLANNING LEVELS

A. INTRODUCTION/SUMMARY

The current A.I.D. Country Program was developed in 1978 and 1979 (at about the same time as the "AAPL" process). In developing the program the Mission based its planning and strategy on:

1. The extremely rudimentary state of economic and governmental development in Yemen and the Government's limited absorptive capacity.
2. The fact that the resources available for development remain essentially in the hands of the people because of the Government's inability to tap remittance income which makes up the bulk of GNP.
3. Yemen's rapidly increasing geo-political importance to the United States.
4. The Mission's prior experience (since 1974) in operating in an extremely difficult environment and the difficulty of implementing A.I.D.'s traditional project approach in Yemen.
5. The Agency's desire to improve operating expense/program level ratios both overall and particularly in Yemen.
6. The then Approved Assistance Planning Levels (AAPL's).

The program that evolved was unique in the Agency and, in many ways, pre-dated the current emphasis on efficiency measures designed to effect increased program levels with lower work force requirements.

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The approach used in developing the Country Program can be characterized as follows:

1. Extensive use to be made of the collaborative assistance approach as set forth in PD-65, full adoption of the principles of Title XII of the Foreign Assistance Act, and implementation of projects through PVO's (with 75-80% of the program to be implemented through collaborative assistance contracts or by PVO's).

2. Projects designed to encourage the development of long-term relationships between the YARG and key U. S. institutions, with U. S. institutions being required to make long-term commitments to the CDSS strategy goals.

3. The bulk of project design and management responsibility (including logistical support) to be shifted to contractors and grantees.

4. Emphasis on activities that would increase the absorptive capacity of governmental and local level institutions to permit increased investment by other donors, the YARG and local citizens.

The thrust of the program was, in the early years, to develop, through technical assistance and training, institutional bases within key YARG ministries and local institutions through which local development initiatives are channeled. Supportive capital assistance was scheduled to be initiated later (FY 83).

One result of this approach was that program components were more clearly defined throughout the CDSS period with essentially the total

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amount of future planning levels being programmed by 1979 as part of a comprehensive assistance package. Another result was the requirement to build in a significant amount of program-funded "overhead" to foster the development of long-term relationships and permit contractors and PVO's to assume many of the design, management and logistical support requirements previously carried out by the Mission under the operating expense budget.

Since the approval of this country development strategy, the planning levels for Yemen have been consistently cut by amounts now totalling almost \$80 million (FY 79-86). Prior to the preparation of the FY 82 CDSS, the cuts in planning levels were accommodated by eliminating the peripheral and supporting components of the program as stated in earlier CDSS's and reducing the supportive capital assistance input originally planned, which still kept the basic concept of the program intact. At the time of the FY 82 CDSS, however, the Mission indicated that the approved strategy could not be implemented with further cuts. Since then planning levels have been further cut by more than \$30 million. Table III (CDSS Program Level) of this section indicates the degree to which original planning levels will have to be restored to permit implementation of present country development strategy. Table II (AAPL Program Level) of this section portrays how the Yemen program would have to be modified to be accommodated within current Approved Assistance Planning Levels and as a result of program levels during FY 79-81. Delays through calendar year 1980 have provided a funding pipeline which has permitted us to keep the

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basic program intact. However, as these delays are essentially over and full implementation will be underway in early calendar year 1981, we will no longer benefit from this pipeline. (Expenditures in FY 81 will most likely exceed obligations by more than \$10 million.)

If the program levels for Yemen are cut any further from the present AAPL's, there is no way in which the Country Program can be implemented as designed, and the program will have to be completely restructured immediately. Table I (Minimum Program Level) reflects an elimination of the current program concept and its replacement with a new concept. This new concept, which is based on the provision of participant training, is designed to provide the maximum impact possible with limited funds and would meet persistent YARG demands for alternative training opportunities to those offered by the Soviets. It should be noted that by eliminating, among other things, the long-term collaborative assistance approach under the Minimum level, we would lose the potential to have a significant influence on the orientation of a large number of senior YARG officials and the development of institutional ties which, to a large extent, would not be affected by day-to-day vagaries of official relationships between the YARG and the U. S.

Section II of this CDSS makes the argument that recent political developments in the Middle East have increased the importance of U. S. foreign policy interests in Yemen and of the role of economic assistance in ensuring that those interests are served. Table IV (Proposed

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Program Level) of this section indicates how and the extent to which the increased A.I.D. levels required to meet political and strategic objectives could be accommodated within the existing Country Program without unduly straining our ability to manage increased levels and the YARG's ability to absorb them. At the Proposed Level we would be able to: (a) Fully implement our current development-oriented Country Program; (b) Meet YARG demands for a visible support commitment by adding capital assistance elements to existing activities; and (c) Provide alternatives to the massive offers of training by the Soviets.

The four levels presented in this section are summarized as follows:

1. Minimum Level (Table I)

At this level we would cancel the existing program except for ongoing activities as currently authorized. During the CDSS period we would increase participant training as permitted by funding levels. By FY 85 all funds would be directed at participant training activities.

2. AAPL Level (Table II)

This level portrays how the current program would be restructured to fit within the current Approval Assistance Planning Levels without abandoning the basic Country Program. Funding over the period FY82-87 would increase \$76.4 million over the Minimum Level.

3. CDSS Level (Table III)

This level indicates the increase required in current AAPL levels to implement the program as originally designed in accordance with earlier planning levels and presently prepared for implementation.

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Funding over the period FY 82-87 would increase \$58 million over the AAPL Level.

4. Proposed Level (Table IV)

This level indicates the degree to which program levels could be increased to meet foreign policy objectives without a major restructuring of the current program and without a significant deviation from standard developmental criteria. At this level our Country Program would have a high level of political visibility and an optimal amount of credibility. The total increase in the program from the CDSS Level would be \$93 million in 1981 dollars over the period FY 82-87 (\$148.2 million in current dollars). It is detailed on page 57.

The following chart summarizes program funding at the four levels above.

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PROGRAM TOTALS ^{1/}
(Millions of Dollars)

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL</u> <u>(FY 82-87)</u>	<u>CDSS PERIOD</u> <u>(FY 83-87)</u>
Minimum Level	14.2	14.4	14.0	14.0	14.2	14.9	85.7	71.5
AAPL Level	22.1	23.0	25.0	27.0	30.0	35.0	162.1	140.0
CDSS Level	27.4	32.0	36.1	38.0	41.8	44.8	220.1	192.7
Proposed Level	41.1	50.9	66.2	66.6	68.7	74.8	368.3	327.2

^{1/} The figures in this table include inflation factors which were determined as follows:

- For ongoing projects and subprojects, figures reflect current estimates of Life-of-Project costs, with inflation built in.
- For future subprojects of the sector projects and Phase II projects of other activities, inflation was estimated at 10 percent (overall U. S. and Yemen costs) using a 1981 base.
- For the Proposed Program component, capital assistance (50% of the total) was inflated at 20 percent to reflect Yemen inflation rates. All other inputs were inflated at 10 percent.

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B. DETAILED DISCUSSION OF LEVELS

1. Minimum Level

a. The annual program levels under this package are shown below. The FY 82 level is the same as the FY 81 level under the Continuing Resolution.

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>Total (FY 82-87)</u>	<u>CDSS Period (FY 83-87)</u>
(\$000)	14,150	14,357	14,011	14,062	14,200	14,875	85,655	71,505

b. At the Minimum Level, funding for the following projects (and component subprojects for collaborative assistance projects) would be eliminated:

Agriculture, Rural Development and Nutrition

Project 279-0052, Agricultural Development Support; eliminated except for Ibb Secondary Agricultural activity.

Project 279-0045, Local Resources for Development; follow-on project eliminated.

Health

Project 279-0044, Small Rural Water Systems; second two-year phase eliminated.

Project 279-0065, Tihama Primary Health; second three-year phase eliminated. Follow-on project eliminated.

Education and Human Resources

Project 279-0053, Basic Education Development; eliminated except for Primary Teacher Training activity.

Project 279-0054, Basic Education; eliminated.

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The following ongoing activities would be continued:

Agriculture, Rural Development and Nutrition

Project 0042 - Land Classification and Soil Survey

Project 0045 - Local Resources for Development

Project 0052 - Ibb Secondary Agricultural School Project
(formerly Agricultural Development Support
Project)

Health

Project 0044 - Small Rural Water Systems (3 years only)

Project 0065 - Tihama Primary Health Care (3 years only)

Education and Human Resources

Project 0040 - Development Training II

Project 0053 - Primary Teacher Training Project (formerly
Basic Education Development Project)

In addition, to restore cuts in participant quotas, we would initiate the Development Training III Project in this fiscal year. The signing of this new \$32.5 million Grant Agreement would help offset the political repercussions of cancelling the current program concept. In FY 84 we would add a training project specifically for the agricultural sector and in FY 85 we would add another one for the health sector.

c. By FY 85 the Country Program would consist entirely of participant training activities. The A.I.D. Mission would be closed and the program would be directed by an A.I.D. staff in the embassy consisting of an A.I.D. Representative, two Development Training Officers, and a secretary.

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d. A further cut in our AAPL's that would necessitate the restructuring of our current program as described above would draw severe criticism from the YARG; and the criticism would be only partially based upon monetary considerations. The YARG has traditionally viewed donor assistance as a source of turn-key capital development projects. The present A.I.D. program with its emphasis on technical assistance and institution building support has been accepted only reluctantly by the YARG as a whole, despite support from key government figures up to the level of the Prime Minister. Having gained YARG acceptance of the program, our inability to carry out our commitment would have disastrous results. Under such conditions attempts to conduct a "damage limiting" exercise by struggling to keep levels as high as possible would serve little purpose. It would be more sensible to revert to the role of a minor donor with a concentration on manpower development to the extent funds permit. The Minimum Level Program reflects such an approach.

4. One further problem with implementing the Minimum Level Program must be noted. Two subprojects under the Basic Education Development Project (Administrative Support and Primary-Science Education) would be eliminated as part of the cancellation of this sector program. Agreements for these subprojects have already been signed with the YARG and they are scheduled to begin implementation in the Spring of 1981. If the Minimum Level package is to be adopted, early action will be required to prevent the initiation of these two subprojects.

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2. AAPL Level

a. The annual program levels under this package are the following:

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>Total (FY 82-87)</u>	<u>CDSS Period (FY 83-87)</u>
(\$000)	22,100	23,000	25,000	27,000	30,000	35,000	162,100	140,000

b. At the AAPL Level funding for all current projects (and subprojects) would be continued at the reduced levels discussed below. Projects in Rural Development would be discontinued in 1984 after the completion of the current Phase I projects. (Project 279-0044 would be terminated after the first 3-year phase.) Rural development assistance would be continued as part of the Agricultural Development Support Project, particularly the On-Farm Water Management Subproject. Limited assistance in non-formal education would be added to the Basic Education Development Project in FY 86.

Assuming that AAPL levels are not further reduced in the future, the most difficult period of program implementation will run from FY 82 through FY 84. The problems are summarized as follows:

(1) 279-0052, Agricultural Development Support

Because of commitments to ongoing activities in all sectors, the level of effort of the Agricultural Development Support Project would decrease in real terms over this period. Some planned subprojects would be delayed until after FY 85, while others would

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have to be severely curtailed. One additional subproject would be added in FY 81 and two in FY 82. These projects would be funded at a reduced level until FY 85. In FY 83 all subprojects would be funded at the FY 82 level. In addition, a Faculty of Agriculture Subproject would be initiated in that year. In FY 84 funding will be increased by 10 percent across the board except for the Faculty of Agriculture Subproject, and in FY 85 all subprojects would be brought back to their FY 82 level of effort as partially adjusted for inflation at 10 percent. Also, these subprojects would be brought up to their planned levels of effort. Starting in FY 86 one additional subproject would be added per year.

While the above course of action may enable us to keep the agricultural program concept intact while essentially marking time for three years, it would not meet YARG expectations for project assistance as they have emerged during the project design period. Of particular concern, despite our attempts to address this problem in the above program modification, will be our inability to meet fully the YARG desire for project activities which produce readily demonstrable results.

(2) Project 279-0044, Small Rural Water Systems

As a result of delay in project implementation and unexpectedly high inflation rates since initial project design in 1978, the Life-of-Project (LOP) cost estimates for this activity have increased dramatically, particularly for commodities which

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would require an estimated \$2.7 million increase (about 100 percent) to fund all commodities originally projected. Funding of this cost overrun for commodities is not included in our projections at the AAPL Level.

(3) Project 279-0053, Basic Education Development

Funding availability at the AAPL Level requires a decrease in the level of effort of the Basic Education Development Project. The LOP funding of the Primary and Science Education Subproject would be reduced by about 50 percent. And since the primary education component of this subproject is most critical to the success of the other subprojects, this would mean virtual elimination of the Science component. Alternatively (and essentially at the discretion of the YARG), the Instructional Materials Center Subproject could be eliminated to provide additional funding for the Primary and Science Subproject.

(4) Project 279-0040, Development Training II

From a political perspective, the impact of an AAPL Level program would be most severe on this project. To accommodate cost overruns caused by inflation and the transfer of students from the American University of Beirut to United States schools, we have had to cut back planned post-graduate and short-term training under this project, even after eliminating the American University of

[REDACTED]

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Beirut program starting in the fall of 1980. At the present time our quotas for FY 81 and FY 82 will fund less than one-fourth of the students who have already been nominated. In FY 83, with the initiation of the Development Training III Project, we would be able to restore participant levels to those originally planned, but would still not be able to meet current demand. As it has been only a short time since we have started rejecting qualified applicants for post-graduate training, we have not experienced much reaction by the YARG to date. However, we expect political pressure for increased training opportunities to start shortly and to increase continually.

c. While the Country Program has been modified to keep the basic concept intact under the AAPL Level, one comment is in order. This modification has been done by the Mission on the basis of the Mission's perception of how the program should be implemented. Should differing opinions of the YARG necessitate further modification, we may be required to adopt part or all of the Minimum Level package. If so, we would use any additional funding generated by eliminating program components to increase the program pipeline (now at three months). As the AAPL Level does not permit adjustment for inflation or known cost overruns in FY 82-84 (primarily for the Small Rural Water Systems Project, 279-0044), we are particularly concerned about this period. An increase of \$8 million (\$3 million in FY 82 and FY 83 and \$2 million in FY 84) would be required to provide for inflation and cost overruns.

3. CDSS Program Level

a. The annual program levels under this package are the following:

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	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>Total</u> <u>(FY 82-87)</u>	<u>CDSS Period</u> <u>(FY 83-87)</u>
(\$000)	27,467	31,976	36,152	37,977	41,822	44,752	220,146	192,679

b. At the CDSS Program Level, all ongoing projects would be increased to a level consonant with the original program design, the current state of project implementation, and current cost estimates. In addition, beginning in FY 85, planned Phase II activities would be initiated in rural development and health; and the non-formal education component of the Basic Education Program would be restored. No new initiatives are included. While the Development Training III project will be expanded only to permit full funding of participants, demands on this project should decrease due to training opportunities under other projects. Changes in program implementation from the AAPL Level other than inflation and cost overrun adjustments in FY 82 through FY 84^{1/} are summarized below.

(1) Agriculture, Rural Development and Nutrition

(a) Project 279-0045, Local Resources for Development

A Phase II activity will be funded in FY 85 at the same level of effort as the original project. Additional funding for the Phase I project is included in FY 84 to support transitional activities.

^{1/} Under the fixed AAPL Program Levels we cannot adjust for 10 percent inflation in these years.

[REDACTED]

[REDACTED]

1) reentered 2/1/87

(b) Project 279-0052, Agricultural Development Support

This project will receive a major portion of increased levels. Funding for subprojects included in the AAPL package will be increased, where required, to levels based on conservative estimates of essential project funding. In most cases this means restoring levels of effort to a full adjustment for 10 percent inflation. No additional subprojects will be added. The changes in levels of effort and dates of subproject initiation are summarized below:

(1) Secondary Agricultural Education Subproject

A third secondary agricultural school will be added to this subproject in FY 86. In addition, allowance is made for an anticipated extension of Ibb school activities for an additional year at a reduced level of effort.

(2) Water Resources Policy and Planning Subproject

The level of effort for this subproject will be increased by 60 percent.

(3) Horticulture Development Subproject

Additional funding will be provided for development of fruit tree nurseries.

(4) Faculty of Agriculture Subproject

Initial mobilization activities for this subproject will be increased in FY 83.

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(5) Agricultural Research Subproject

Initial mobilization of this subproject will be moved forward from FY 86 to FY 83.

(6) Agricultural Extension Subproject

Initial mobilization of this subproject will be moved forward from FY 87 to FY 84.

(2) Health

(a) Project 279-0044; Small Rural Water Systems

The planned second two year phase of this project will be restored. In addition, funds will be provided to cover the increased costs of planned project commodities.

(b) Project 279-0065; Tihama Primary Health

A planned second phase project will be initiated in FY 86.

(3) Education and Human Resources

(a) Project 279-0040; Development Training II

Initiation of the follow-on Development Training III project will be moved up from FY 83 to FY 82. All participants under this project will be fully funded from the outset.

(b) Project 279-0053; Basic Education Development

The Primary and Science Education Subproject will be fully funded.

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[REDACTED]

(c) Project 279-xxxx; Non-Formal Education Development

The non-formal education component of the Basic Education Program, originally scheduled to start in FY 80, will be initiated in FY 86 as a separate activity.

4. Proposed Program Level

a. The annual program levels under this package are as follows:

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>F 87</u>	<u>Total (FY 82-87)</u>	<u>CDSS Period (FY 83-87)</u>
(\$000)	41,132	50,879	66,225	66,582	68,709	74,778	368,305	327,173

b. The estimates for program levels designed to support U. S. foreign policy objectives discussed in Section II were developed on the premise that the provision of additional funds would be limited to activities that, in addition to meeting political requirements, are consistent with development assistance criteria, supportive of the objectives of the Country Program, and which do not burden the YARG's absorptive capacity. One benefit of this approach is that these levels can be accommodated with a minimum increase in Mission staff (three to four people).

c. At the Proposed Program Level no new projects are planned. All additional funding will be used to expand capital elements of

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existing projects, provide related technical assistance, and to increase participant training. This is possible due to some of the principal criteria used in the development of the existing Country Program. Goal 4 of the Country Development Strategy Statement is to:

"Expand YARG capability to direct the flow of foreign and domestic resources more effectively into development programs and projects."

A major objective for the current CDSS period is:

"Development of the potential for increased local level involvement in national development and development of public and private sector institutions required to support local level initiatives."

As a result, all projects developed since the initiation of the existing Country Program have been designed, in part, to have a catalytic effect in generating additional development resources in the sectors addressed by the projects. The resources were expected to be generated by other donors through our efforts to improve the YARG's capabilities to design, manage and implement development projects, and from the rural population by improving the capacity of local institutions to effectively use current local contributions for development activities. In essence, the Proposed Program package will provide some of the increased development funds that were expected to come from other sources. However, no single input under this

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program provides all potential or required funding in a specific area. For example, \$5 million is budgeted to assist in the physical construction of an Agricultural Faculty at Sanaa University. While this would be a substantial and highly visible contribution, it would not fully fund construction of facilities for the faculty. Thus, despite the increased funding levels under the Proposed Program Level, the basic intent for the A.I.D. program to have a catalytic effect would remain intact.

d. Fifty percent of the Proposed Program package would be used for capital assistance, commodities and technical equipment. Participant training accounts for 35%, and 15% would be used for technical assistance, primarily in support of capital inputs. The funds added to the Country Program at the Proposed Program Level are broken out by sector in the following table.

e. Although the Proposed Program increase is spread throughout the FY 82-87 period, it would have an immediate political impact. We would, for example, be able to sign a Grant Agreement for the \$62 million participant training project in FY 82. Also, although capital assistance for agricultural education and research facilities is scheduled to be implemented primarily in FY 84 and FY 85, we would need to reach initial agreement on these activities in FY 82 as well.

[REDACTED]

Recounted 2/1/82

[REDACTED]

PROPOSED PROGRAM PACKAGE

(\$000 1981)

Agriculture and Rural Development

Construction of rural roads, schools and community facilities	6,000
Related technical assistance	3,000
Construction of agricultural water management structures and systems	4,000
Related technical assistance	4,500
Construction and commodity support for horticultural development	5,500
Related technical assistance	3,000
Construction of agricultural education facilities	7,000
Technical commodities for agricultural education	7,000
Related technical assistance	1,500
Construction of agricultural research facilities	2,000
Technical commodities for agricultural research	2,000
Agricultural participant training	<u>3,000</u>
TOTAL	48,500

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Health

Construction of clinics and potable water systems in rural areas	9,000
Related technical assistance	<u>1,500</u>
TOTAL	10,500

Education and Human Resources

Development training	30,000
Technical commodities for primary education	2,000
Technical commodities for non-formal education	<u>2,000</u>
TOTAL	34,000

PROPOSED PROGRAM PACKAGE TOTAL	<u>93,000</u>
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SECTION FIVE

PLANNING LEVEL TABLES

Table I	Minimum Level
Table II	AAPL Level
Table III	CDSS Level
Table IV	Proposed Level
Table V	Subproject Breakout, Project 279-0052, Agricultural Development Support
Table VI	Subproject Breakout, Project 279-0053, Basic Education Development
Table VII	Planning Levels by CDSS Goals as stated in FY 1982 CDSS

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TABLE I
MINIMUM PROGRAM
(\$000)

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL (FY 82-87)</u>	<u>CDSS PERIOD TOTAL (FY 83-87)</u>
<u>Agriculture, Rural Development and Nutrition</u>								
Project 279-0042, Land Classification and Soil Survey	416	-0-	-0-	-0-	-0-	-0-	416	-0-
Project 279-0045, Local Resources for Development	2,085	2,000	1,931	-0-	-0-	-0-	6,016	3,931
Project 279-0052, Ibb Secondary Agriculture Institute ^{1/}	1,314	2,930	3,223	-0-	-0-	-0-	7,467	6,153
Project 279-xxxx, Agricultural Development Training	-0-	-0-	1,599	3,506	4,057	4,250	13,412	13,412
Account Total	(3,815)	(4,930)	(6,753)	(3,506)	(4,057)	(4,250)	(27,311)	(23,496)
<u>Health</u>								
Project 279-0044, Small Rural Water Systems	1,585	594	-0-	-0-	-0-	-0-	2,179	594
Project 279-0065, Tihama Primary Health	1,817	1,313	-0-	-0-	-0-	-0-	3,130	1,313
Project 279-xxxx, Health Development Training	-0-	-0-	-0-	1,753	2,029	2,125	5,907	5,907
Account Total	(3,402)	(1,907)	-0-	(1,753)	(2,029)	(2,125)	(11,216)	(7,814)
<u>Education and Human Resources</u>								
Project 279-0040, Development Training II	4,200	4,600	3,235	1,791	-0-	-0-	13,826	9,626
Project 279-0053, Primary Teacher Training ^{2/}	-0-	-0-	825	-0-	-0-	-0-	825	825
Project 279-xxxx, Development Training III	2,733	2,920	3,198	7,012	8,114	8,500	32,477	29,744
Account Total	(6,933)	(7,520)	(7,258)	(8,803)	(8,114)	(8,500)	(47,128)	(40,195)
PROGRAM TOTAL	14,150	14,357	14,011	14,062	14,200	14,875	85,655	71,505

^{1/} Presently Agricultural Development Support Project

^{2/} Presently Basic Education Development Project

TABLE II
AAPL PROGRAM
(\$000)

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL (FY 82-87)</u>	<u>CDSS PERIOD TOTAL (FY 83-87)</u>
<u>Agriculture, Rural Develop- ment and Nutrition</u>								
Project 279-0042, Land Class- ification and Soil Survey	416	-0-	-0-	-0-	-0-	-0-	416	-0-
Project 279-0045, Local Re- sources for Development	2,085	2,000	1,931	-0-	-0-	-0-	6,016	3,931
Project 279-0052, Agricultural Development Support	7,950	9,272	10,865	14,003	16,796	23,664	82,550	74,600
Account Total	(10,451)	(11,272)	(12,796)	(14,003)	(16,796)	(23,664)	(88,982)	(78,531)
<u>Health</u>								
Project 279-0044, Small Rural Water Systems	2,179	-0-	-0-	-0-	-0-	-0-	2,179	-0-
Project 279-0065, Tihama Primary Health	1,817	1,460	2,250	2,500	1,203	-0-	9,230	7,413
Project 279-xxxx, Primary Health II	-0-	-0-	-0-	-0-	2,278	3,543	5,821	5,821
Account Total	(3,996)	(1,460)	(2,250)	(2,500)	(3,481)	(3,543)	(17,230)	(13,234)
<u>Education and Human Resources</u>								
Project 279-0040, Development Training II	4,200	4,600	3,100	1,791	-0-	-0-	13,691	9,491
Project 279-xxxx, Development Training III	-0-	1,214	2,259	4,416	5,792	4,250	17,931	17,931
Project 279-0053, Basic Edu- cation Development	3,453	4,454	4,595	4,290	3,931	3,543	24,266	20,813
Account Total	(7,653)	(10,268)	(9,954)	(10,497)	(9,723)	(7,793)	(55,888)	(48,235)
PROGRAM TOTAL	22,100	23,000	25,000	27,000	30,000	35,000	162,100	140,000

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TABLE III
CDSS PROGRAM
(\$000)

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL</u> <u>(FY 82-87)</u>	<u>CDSS PERIOD</u> <u>TOTAL</u> <u>(FY 83-87)</u>
<u>Agriculture, Rural Develop-</u> <u>ment and Nutrition</u>								
Project 279-0042, Land Class- ification and Soil Survey	416	-0-	-0-	-0-	-0-	-0-	416	-0-
Project 279-0045, Local Re- sources for Development	2,085	2,000	2,663	-0-	-0-	-0-	6,748	4,663
Project 279-xxxx, Local Re- sources for Development II	-0-	-0-	-0-	2,928	3,221	3,543	9,692	9,692
Project 279-0052, Agricultural Development Support	9,214	13,259	15,946	20,810	22,968	26,330	108,527	99,313
Account Total	(11,715)	(15,259)	(18,609)	(23,738)	(26,189)	(29,873)	(125,383)	(113,668)
<u>Health</u>								
Project 279-0044, Small Rural Water Systems	2,900	2,606	2,250	-0-	-0-	-0-	7,756	4,856
Project 279-0065, Tihama Primary Health	1,817	1,460	2,250	2,500	1,203	-0-	9,230	7,413
Project 279-xxxx, Primary Health II	-0-	-0-	-0-	-0-	3,221	3,543	6,764	6,764
Account Total	(4,717)	(4,066)	(4,500)	(2,500)	(4,424)	(3,543)	(23,750)	(19,033)
<u>Education and Human</u> <u>Resources</u>								
Project 279-0040, Development Training II	4,200	4,600	3,100	1,791	-0-	-0-	13,691	9,491
Project 279-xxxx, Development Training III	2,700	2,920	3,198	3,506	4,057	4,250	20,631	17,931
Project 279-0053, Basic Edu- cation Development	4,135	5,131	6,745	6,442	3,931	3,543	29,927	25,792
Project 279-xxxx, Non-Formal Education	-0-	-0-	-0-	-0-	3,221	3,543	6,764	6,764
Account Total	(11,035)	(12,651)	(13,043)	(11,739)	(11,209)	(11,336)	(71,013)	(59,978)
PROGRAM TOTAL	27,467	31,976	36,152	37,977	41,822	44,752	220,146	192,679

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TABLE IV
PROPOSED PROGRAM
(\$000)

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL</u> <u>(FY 82-87)</u>	<u>CDSS PERIOD</u> <u>TOTAL</u> <u>(FY 83-87)</u>
<u>Agriculture, Rural Develop-</u> <u>ment and Nutrition</u>								
Project 279-0042, Land Class- ification and Soil Survey	416	-0-	-0-	-0-	-0-	-0-	416	-0-
Project 279-0045, Local Re- sources for Development	3,835	4,045	5,057	-0-	-0-	-0-	12,937	9,102
Project 279-xxxx, Local Re- sources for Development II	-0-	-0-	-0-	5,734	6,514	7,415	19,663	19,663
Project 279-0052, Agricultural Development Support	13,214	21,209	33,638	35,388	31,897	36,404	171,750	158,536
Account Total	(17,465)	(25,254)	(38,695)	(41,122)	(38,411)	(43,819)	(204,766)	(187,301)
<u>Health</u>								
Project 279-0044, Small Rural Water Systems	4,375	4,349	4,311	2,440	2,891	3,429	21,795	17,420
Project 279-0065, Tihama Primary Health	2,417	2,180	3,114	3,537	1,825	-0-	13,073	10,656
Project 279-xxxx, Primary Health II	-0-	-0-	-0-	-0-	3,843	5,036	8,879	8,879
Account Total	(6,792)	(6,529)	(7,425)	(5,977)	(8,559)	(8,465)	(43,747)	(36,955)
<u>Education and Human</u> <u>Resources</u>								
Project 279-0040, Development Training II	4,200	4,600	3,100	1,791	-0-	-0-	13,691	9,491
Project 279-xxxx, Development Training III	7,990	8,760	9,594	10,518	12,171	12,750	61,783	53,793
Project 279-0053, Basic Edu- cation Development	4,685	5,736	7,411	7,174	4,736	4,429	34,171	29,486
Project 279-xxxx, Non-Formal Education	-0-	-0-	-0-	-0-	4,832	5,315	10,147	10,147
Account Total	(16,875)	(19,096)	(20,105)	(19,483)	(21,739)	(22,494)	(119,792)	(102,917)
PROGRAM TOTAL	41,132	50,879	66,225	66,582	68,709	74,778	368,305	327,173

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TABLE V
PROJECT 279-0052, AGRICULTURAL DEVELOPMENT SUPPORT
SUBPROJECT BREAK-OUT

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL (FY 82-87)</u>	<u>CDSS PERIOD (FY 83-87)</u>
<u>Core Subproject</u>								
AAPL	3,750	3,750	4,125	4,990	5,490	6,039	28,144	24,394
CDSS	3,750	4,125	4,538	4,990	5,490	6,039	28,932	25,182
Proposed	4,300	4,730	5,204	5,722	6,295	6,925	33,176	28,876
<u>Secondary Agricultural Education</u>								
AAPL	2,500	2,700	2,970	399	439	-0-	9,008	6,508
CDSS	2,564	3,040	3,344	3,680	1,122	1,234	14,984	12,420
Proposed	4,264	4,970	5,540	5,449	1,927	2,120	24,270	20,006
<u>On-Farm Water Management</u>								
AAPL	450	800	880	3,367	3,441	4,798	13,736	13,286
CDSS	950	1,320	1,452	3,367	3,441	4,798	15,328	14,378
Proposed	1,550	3,365	4,512	5,868	6,295	8,063	29,653	28,103
<u>Water Resources Policy and Planning</u>								
AAPL	750	750	825	999	1,099	1,209	5,632	4,882
CDSS	1,200	1,320	1,452	1,597	1,757	1,933	9,259	8,059
Proposed	1,200	1,320	1,452	1,597	1,757	1,933	9,259	8,059
<u>Horticultural Development</u>								
AAPL	500	667	734	1,320	1,495	1,697	6,413	5,913
CDSS	750	1,034	1,167	1,320	1,495	1,697	7,463	6,713
Proposed	1,900	2,964	3,363	3,821	4,349	4,962	21,359	19,459
<u>Faculty of Agriculture</u>								
AAPL	-0-	605	1,331	2,928	3,221	3,543	11,628	11,628
CDSS	-0-	1,210	1,331	2,928	3,221	3,543	12,233	12,233
Proposed	-0-	1,210	7,846	8,539	4,832	5,315	27,742	27,742

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TABLE V, Con't.

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL (FY 82-87)</u>	<u>CDSS PERIOD (FY 83-87)</u>
<u>Agricultural Research</u>								
AAPL	-0-	-0-	-0-	-0-	1,611	3,543	5,154	5,154
CDSS	-0-	1,210	1,331	1,464	3,221	3,543	10,769	10,769
Proposed	-0-	2,650	4,390	2,928	3,221	3,543	16,732	16,732
<u>Agricultural Extension</u>								
AAPL	-0-	-0-	-0-	-0-	-0-	2,835	2,835	2,835
CDSS	-0-	-0-	1,331	1,464	3,221	3,543	9,559	9,559
Proposed	-0-	-0-	1,331	1,464	3,221	3,543	9,559	9,559
<u>Project Total</u>								
AAPL	7,950	9,272	10,865	14,003	16,796	23,664	82,550	74,600
CDSS	9,214	13,259	15,946	20,810	22,968	26,330	108,527	99,313
Proposed	13,214	21,209	33,638	35,388	31,897	36,404	171,750	158,536
<u>Funding Requirements for New Activities</u>								
AAPL	1,250	605	-0-	-0-	1,611	2,835		
CDSS	1,950	2,420	1,331	-0-	-0-	-0-		
Proposed	3,100	3,860	1,331	-0-	-0-	-0-		

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TABLE VII
PLANNING LEVELS BY CDSS STRATEGY GOALS ^{1/}
(\$000)

FY 1983 CDSS

GOAL	FY 82	FY 83	FY 84	FY 85	FY 86	FY 87	TOTAL (FY 82-87)	CDSS TOTAL (FY 83-87)
I. Expand equitable access to economic and social opportunities through human resources development.								
Minimum	8,247	10,450	12,080	14,062	14,200	14,875	73,914	65,667
AAPL	8,950	11,968	12,035	11,614	10,282	7,793	62,642	53,692
CDSS	12,396	15,296	15,498	16,137	12,451	12,570	84,348	71,952
Proposed	19,936	23,066	30,605	30,529	24,592	25,500	154,228	134,292
II. Restore and increase the productivity of natural resources.								
Minimum	416	-0-	-0-	-0-	-0-	-0-	416	-0-
AAPL	2,766	2,609	2,870	4,839	6,825	12,646	32,555	29,789
CDSS	3,141	4,450	6,241	7,767	11,656	13,354	46,609	43,468
Proposed	4,291	8,180	12,261	12,098	14,913	17,062	68,805	64,514
III. Increase the availability of and equitable access to services at the local level.								
Minimum	5,487	3,907	1,931	-0-	-0-	-0-	11,325	5,838
AAPL	6,556	4,193	4,988	4,843	5,948	6,790	33,318	26,762
CDSS	7,652	7,243	8,472	7,771	10,112	10,333	51,583	43,931
Proposed	12,352	13,738	16,419	16,555	20,394	22,392	101,850	89,498
IV. Expand YARG capability to direct the flow of foreign and domestic resources more effectively into development programs and projects.								
Minimum	-0-	-0-	-0-	-0-	-0-	-0-	-0-	-0-
AAPL	3,828	4,230	5,107	5,704	6,945	7,771	33,585	29,757
CDSS	4,278	4,987	5,941	6,302	7,603	8,495	37,606	33,328
Proposed	4,553	5,895	6,940	7,400	8,810	9,824	43,422	38,869
TOTALS								
Minimum	14,150	14,357	14,011	14,062	14,200	14,875	85,655	71,505
AAPL	22,100	23,000	25,000	27,000	30,000	35,000	162,100	140,000
CDSS	27,467	31,976	36,152	37,977	41,822	44,752	220,146	192,679
Proposed	41,132	50,879	66,225	66,582	68,709	74,778	368,305	327,173

^{1/} Strategy goals are as stated in FY 1982 CDSS.

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TABLE VI
PROJECT 279-0053, BASIC EDUCATION DEVELOPMENT
SUBPROJECT BREAK-OUT

FY 1983 CDSS

	<u>FY 82</u>	<u>FY 83</u>	<u>FY 84</u>	<u>FY 85</u>	<u>FY 86</u>	<u>FY 87</u>	<u>TOTAL (FY 82-87)</u>	<u>CDSS PERIOD (FY 83-87)</u>
<u>Administrative Support Subproject (Core)</u>								
AAPL	1,203	1,255	1,870	1,860	2,401	3,543	12,132	10,929
CDSS	1,203	1,255	1,870	1,860	2,401	3,543	12,132	10,929
Proposed	1,203	1,255	1,870	1,860	2,401	4,429	13,018	11,815
<u>Primary Teacher Training</u>								
AAPL	1,536	1,932	1,575	1,380	630	-0-	7,053	5,517
CDSS	1,536	2,132	1,775	1,980	630	-0-	8,053	6,517
Proposed	1,536	2,132	1,775	1,980	630	-0-	8,053	6,517
<u>Primary and Science Education</u>								
AAPL	714	917	800	700	200	-0-	3,331	2,617
CDSS	1,396	1,394	2,750	2,252	200	-0-	7,992	6,596
Proposed	1,946	1,394	2,750	2,252	200	-0-	8,542	6,596
<u>IMC</u>								
AAPL	-0-	350	350	350	700	-0-	1,750	1,750
CDSS	-0-	350	350	350	700	-0-	1,750	1,750
Proposed	-0-	955	1,016	1,082	1,505	-0-	4,558	4,558
<u>Project Total</u>								
AAPL	3,453	4,454	4,595	4,290	3,931	3,543	24,266	20,813
CDSS	4,135	5,131	6,745	6,442	3,931	3,543	29,927	25,792
Proposed	4,685	5,736	7,411	7,174	4,736	4,429	34,171	29,486

YEMEN : COUNTRY DEVELOPMENT STRATEGY

PN-ARV-727

STATEMENT, FY 83

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COUNTRY DEVELOPMENT STRATEGY STATEMENT